

# Quarterly Performance Report

For the period January - March 2021



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## Performance overview

### Business highlights

- In January 2021, Horizon Power awarded the contract for the installation of more than 300 kilowatts (kW) of rooftop solar on Shire of Derby/West Kimberley buildings to local Derby Aboriginal business Remote Solar Solutions. As a result, individual rooftop solar photovoltaic (PV) systems will be installed on 13 public buildings, including a solar shade shelter at the Derby Pool. The solar systems will save the Shire more than \$130,000 in electricity costs and reduce greenhouse emissions by more than 230 tonnes per year. The project is part of a broader portfolio of investments we are delivering in support of the State Government's WA Recovery Plan.
- On 2 February the Minister for Energy officially launched Boundary Power, an incorporated joint venture between Horizon Power and Ampcontrol Limited. Boundary Power will design, build, operate and commercialise Standalone Power Systems (SPS) solutions across Australia. SPS units use solar and battery technology to generate and store electricity, providing safer, high quality, reliable power 24 hours a day, which can be tailored to service a broad range of industries.
- The power line upgrade program in Esperance is tracking well. By February, 115 poles, most of them wood, were replaced with new steel ones. Another 150 poles are expected for replacement in the coming months. Replacing aged and deteriorating wood poles improves the integrity of the network and contributes to the continued safety of customers.
- In February 2021, Horizon Power officially launched its new Brand Refresh, which better reflects what Horizon Power does and who it serves. The Brand Refresh refocuses on what is at the heart of our business, how we share and promote a strong identity and how we can work together to deliver great things for our people, our customers and our communities.
- Through our Community Partnership Program, we recently supported Escare to create a soft fall play area. The project is part of our Reconciliation Action Plan to increase knowledge of Aboriginal and Torres Strait Islander culture. The design was by Nyungar artist Janelle Reynolds and is called 'Meeting Place'.
- In February the Government initiated another Small Business and Charity Tariff offset: \$500 was credited to 5,700 eligible accounts (\$2.9M in total).

### Financial performance

- Horizon Power reported a year to date Net Profit After tax of \$19.4 M compared to a budget Mid-Year Report (MYR) profit of \$7.9 M. This favourable variance of \$11.5 M is driven by higher energy sales (\$7.2 M), lower cost of sales (\$5.8 M), lower operating expenses (\$4.8 M); offset by lower Development and Customer Contribution (-\$1.5 M), depreciation (-\$0.4 M) and higher income tax (-\$4.4 M).
- Year to date capital expenditure amounted to \$59.5 M compared to a budget of \$69.9 M. The underspend variance of \$10.4 M is mainly driven by the testing phase which has been extended for Distributed Energy Resources Management System (DERMS). Furthermore, profiles of the WA Recovery Plan have been revised to account for resource constraints and contract negotiations.

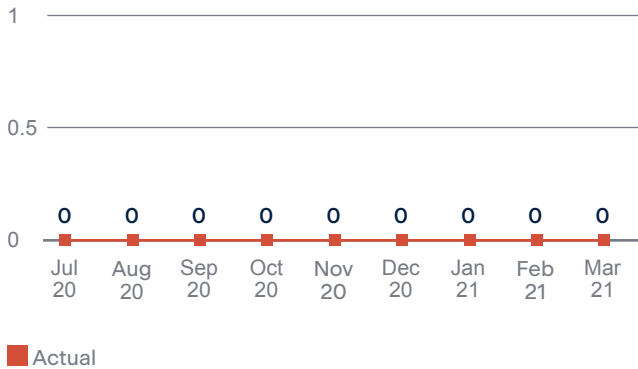
### Stakeholder service

- During the quarter, Horizon Power provided responses to 17 Ministerial. There were no Parliamentary Questions in the quarter.

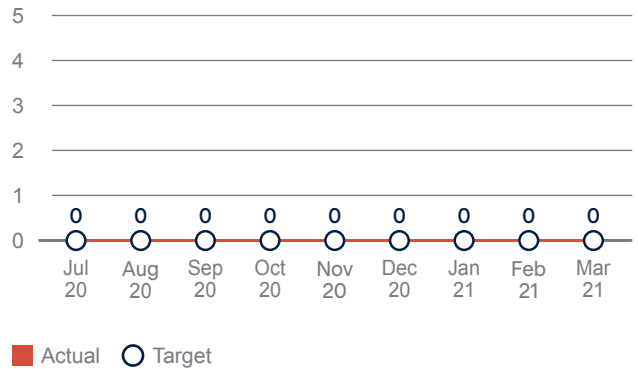
**Note:** This performance report covers the nine month period from 1 July to 31 March 2021. For statistics prepared on a rolling 12-month basis, data from 1 April 2020 onwards were used.

# Safety, health & environment

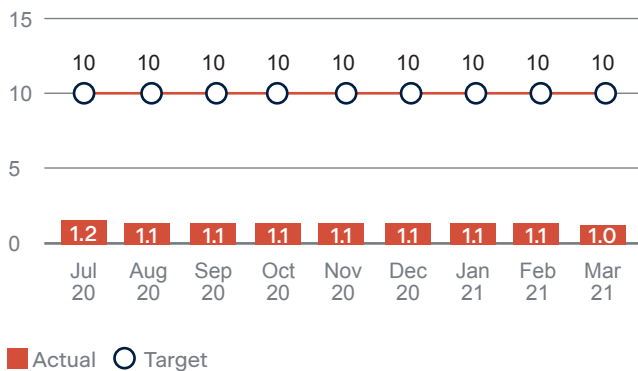
## Lost time injury frequency rate (12-month rolling average)



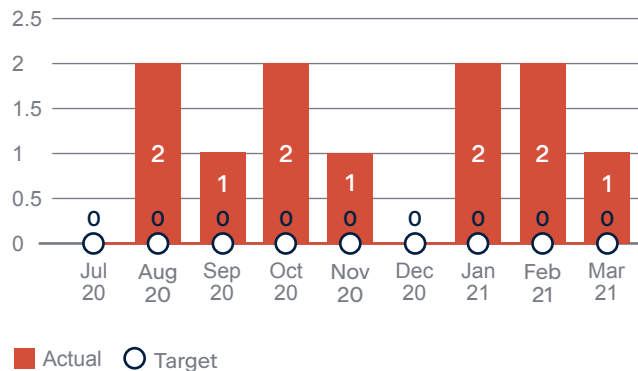
## Lost time injury severity rate (12-month rolling average)



## Total recordable injury frequency rate (12-month rolling average)



## Public safety incidents (December 2020 - FYTD)







### Commentary

- Lost Time Injury Frequency Rate remains steady at zero. There has been no Lost Time Illnesses/Injuries since April 2019.
- Safety meeting occurrence for the three quarters was 100%.
- The rate of 'high' and 'extreme' risk rated incident actions closed out on time for the three quarters averages 65% below our target of 90%.
- The percentage of hazards / near hits of all reported incidents has increased to an average over the three quarters to 64% above our minimum target of 50%.

### Commentary

- The Lost Time Injury Severity Rate has remained steady at zero since April 2020.
- Five Notifiable Incidents (Building and Energy) occurred in the third quarter (two in January, two in February and one in March) relating to faulty neutral connection, excavator striking live streetlight cable (at the correct depth), broken neutral, unassisted pole failure and crow shortage followed by grass fire (around three ha burned).
- The Unassisted Pole Failure rate\* was 0.65 by the end of the quarter and within the target of 1.00.  
\*Three year rolling average per 10,000 poles

## Customer service & electricity delivery

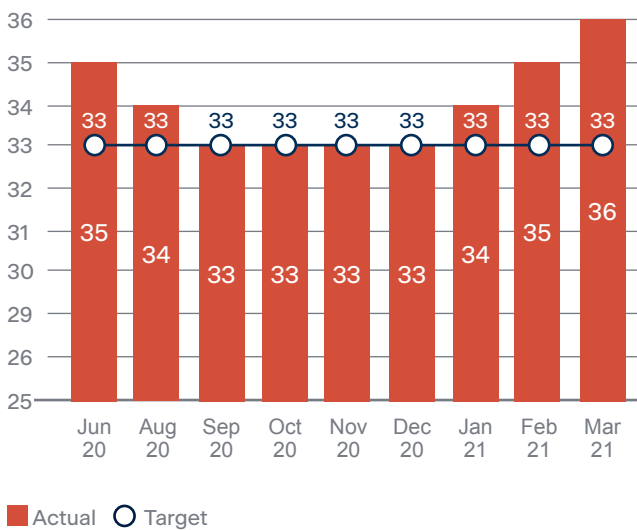
KPI	YTD Actual	YTD Target SBF Adj	YTD VAR	Performance
Customer Satisfaction (survey rating %)	82%	≥70%		Due to COVID-19 restrictions, collections activities, including warnings and disconnections, have been suspended resulting in higher outstanding unpaid invoices amount.
Net Promoter Score	42%	≥20%		-
> Three months outstanding unpaid	\$3.7 M	<\$4.7 M		-
New connections on time	100%	99%		-

### Commentary

- All above KPIs showing positive variance.

### Performing Systems

(Number of Systems)





### Commentary

- In Derby, Esperance Rural and Norseman became Performing in the months of January, February & March, respectively.
- At the end of March 2021, SAIDI was 118 and within the target of 290 minutes.
- SAIFI was 1.8 and within the target of 6.6.
- A Major Event Day (Force Majeure) was declared for the Carnarvon floods from the tropical low in February 2021. The interruptions data for that day were excluded from the normalised data set used in the calculation of the SAIDI/SAIFI above.

# Financial performance – Actual v/s Mid-Year Review (MYR)

## Profit and loss summary (\$ millions)

Profit or Loss Summary (\$ millions)	YTD Actual	YTD MYR	VAR
Total Income	406.4	400.7	5.7
Less: Cost of Sales	170.2	176.0	5.8
Less: Operating Expenditure	91.7	96.5	4.8
EBITDA	144.5	128.2	16.3
Depreciation and Amortisation	73.5	73.1	(0.4)
EBIT	71.0	55.1	15.9
Interest Expenses	43.8	43.8	0.0
Net Profit (loss) Before tax	27.2	11.3	15.9
Tax	7.8	3.4	(4.4)
Net Profit (loss) After tax	19.4	7.9	11.5

KPI	YTD Actual	YTD Target MYR Adj	YTD VAR	Performance
Unit Cost of Supply (c/kWh)	32.7	37.5		Lower unit cost is driven by higher volume sold whilst maintaining the costs at or below budget levels
Return on Asset (%)	5.2	4.1		Higher return on asset rate due to higher profits for the period

### Commentary

Horizon Power reported a YTD Net Profit After Tax of \$19.4 M compared to budgeted \$7.9 M, a favourable variance of \$11.5 M. Key variances are broken down as follows:

### Income

Overall energy sales were 2.6% higher than budget by \$6.3 M (\$247.0 M v \$240.7 M). NWIS sales were higher by 1.9% (+\$2.3 M) and NIS sales were higher by 3.3% (+\$4.0 M), mainly driven by Residential, Government and Small Business segments.

The higher sales were offset by lower Developer and Customer contribution (-\$1.5 M).

### Cost of Sales

Savings from lower gas prices (+\$2.1 M), lower diesel and maintenance costs (+\$1.3 M), higher lease allocations (+\$1.5 M) and lower electricity purchases (+\$0.8 M).

### Operating Expenditure

Favourable variance of \$4.8 M mainly driven by hedging gain and timing difference on operating projects due to budget profile.

### Tax

Higher tax due to positive variance in profits.





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